

**CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM
Meeting Date: November 19, 2008
Request Infill Grant Approval**

Prepared by: *Center for Creative Land Recycling (CCLR), Diana Michaelson, CPCFA*

Applicant:	MacArthur Transit Community Partners, LLC	Type of Funding Requested:	Grant
Developer:	MacArthur Transit Community Partners, LLC	Amount Requested:	\$2,981,000
Project Name:	MacArthur Transit Village	Strategic Partner:	CCLR
Project Location:	Oakland, (Alameda County)		

Summary. MacArthur Transit Community Partners, LLC (the “Applicant” or “MTCP”) requests approval of a grant in the amount not to exceed \$2,981,000 to finance the remediation of a brownfield to develop MacArthur Transit Village. The Applicant anticipates the Infill Development Project will create 312 for-sale and rental units, of which a total of 94 (30.13%) will be affordable. Four of the 222 for-sale units will be affordable between 51% and 120% of the Area Median Income (AMI). All 90 rental units will be affordable: 21 units between 41% and 50% AMI, and 69 units at less than or equal to 40% AMI.

Applicant. MTCP, a San Francisco for-profit developer established July 16, 2004, was formed to develop the MacArthur Transit Village development. It is a limited liability company between BUILD Equity Investments (BEI) and MPI McGrath LLC. BUILD is an investment and development company formed in 2001 by BRIDGE Housing and CalPERS to utilize over \$200 million in CalPERS equity for large-scale neighborhood revitalization projects throughout California.

The sole member of BEI is BRIDGE Urban Infill Land Development LLC (BUILD), whose managing member is BRIDGE Infill Development, Inc. The Executive Vice President of BRIDGE Infill Development, Inc. is Lydia Tan .The manager of MPI McGrath LLC is Terrance M. McGrath. An organizational chart is provided as Attachment A.

The principal stockholders of the Applicant are as follows:

BUILD Equity Investments (MacArthur Transit Community) LLC ("BEI")	50%
MPI McGrath LLC	50%
Total:	100%

Legal Questionnaire. The Strategic Partner and staff have reviewed the Applicant’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Brownfield Project Description. The Brownfield site currently serves as a below grade, surface parking lot for BART patrons using the MacArthur BART Station. The Brownfield Infill Project is part of a larger Infill Development Project. Phase I of the Project will include remediation of the Brownfield site and capital improvements including the construction of the BART replacement parking garage and the infrastructure and upgrade to the BART Plaza.

An automotive repair garage was once located at 540 40th Street, and two gas stations were formerly located on adjacent properties. Petroleum hydrocarbons and related compounds (TPH as diesel and gasoline, BTEX, and naphthalene), typical of retail gasoline or automotive operations, were detected. VOCs (tetrachloroethylene and degradation products), likely associated with former on-site dry cleaning operations at 521-523 40th Street or up-gradient sites have also been identified.

Description of Activity	Amount Financed by Infill Grant
Oversight and Project Management	\$451,000
Excavation, Stockpile, and Soil Management	102,300
Transportation and Disposal	321,200
Backfilling	1,197,900
Confirmation Soil Sampling	27,500
Short Term Groundwater Extraction/Disposal, From Open Excavations and Slurry Wall Dewatering	236,500
Six-month Groundwater Treatment System	528,000
Miscellaneous (Perimeter Control, Real-time Soil Monitoring/Oversight, Oversight Agency Costs)	<u>116,600</u>
TOTAL ESTIMATED COST:	<u>\$2,981,000</u>

Oversight Agency. San Francisco Bay Regional Water Quality Control Board

Infill Development Project Description. The MacArthur Transit Village Project is part of a larger 8.2 acre Infill Development Project area planned for redevelopment as the MacArthur Transit Village. The Brownfield site currently serves as a parking lot for BART patrons, and Phase I of the Project will include remediation of the Brownfield site and capital improvements.

The Applicant anticipates the Infill Development Project will create 312 for-sale and rental units, of which a total of 94 (30.13%) will be affordable. Four of the 222 for-sale units will be affordable between 51% and 120% of the Area Median Income (AMI). All 90 rental units will be affordable: 21 units between 41% and 50% AMI, and 69 units at less than or equal to 40% AMI. At build-out, the larger development area – the MacArthur Transit Village - will include 624 residential units (108 affordable units and 516 market-rate units), 42,500 square feet of neighborhood-serving retail space, a 5,000 square-foot child care facility, and a 400-space parking garage for BART patrons. The development includes the construction of two new streets to support and improve bike, shuttle, and car circulation for the BART station.

The MacArthur Transit Village is located in North Oakland in an urban neighborhood that offers a rich mix of community amenities and employment opportunities in the immediate vicinity. Two of the region’s largest employers, Alta Bates Summit Medical Center and Kaiser Hospital, are both located within a half mile of the project and together provide jobs to over 6,000 people.

A number of community amenities, including places of worship, senior care facilities, pharmacies, community centers, restaurants, and so forth, are also located within a half mile of the project.

Building on the strengths of the neighborhood, MacArthur Transit Village provides a unique opportunity to provide dense, high-quality housing at one of the most active transit hubs in the Bay Area. Entry level, first time homebuyers will have direct access through public transit to major employment hubs in Oakland and San Francisco.

Permits. The Project has received all required discretionary approvals and certification of the EIR on July 1, 2008. The Development Agreement is in process and expected to be approved in December 2008. The Final Development Plan, Tentative Tract Map, and Final Map are all expected to be approved in July 2009. Approval of the Grading Permit and Building Permit is expected in December 2009.

Anticipated Timeline.

- Cleanup to Begin: January 2009
- Cleanup to be Completed: Winter 2012
- Development to Begin: Summer 2009
- Development to be Completed: 2015

Local Government Support. The MacArthur Transit Village Infill Development is consistent with the following plans: Oakland General Plan – Land Use and Transportation Element, City of Oakland Housing Element, the Broadway/MacArthur/San Pablo Redevelopment Plan and Implementation Plan, the ABAG Priority Development Area Plan, and the Bay Area 2030 Transportation Plan.

In 1993, the City of Oakland, BART, and residents and merchants from the community surrounding the MacArthur BART station created a Citizen’s Planning Committee (CPC) for the MacArthur BART site and surrounding neighborhood. The members of the CPC represent a broad socio-economic spectrum and racially/ethnically diverse population and are community members that live in the neighborhood surrounding the BART Station. The CPC has been meeting regularly since 1993 and is the primary forum for community input into the project and for the distribution of information about the project to members of the community. The MacArthur Transit Village is a well known and highly anticipated project that will serve as a catalyst in North Oakland. Throughout the entitlement process MTCP met with and received input from several community groups that helped shape the MacArthur Transit Village development.

Letters of support have been received for the project including:

Local Community Support.

- Walter Miles, Chairperson, MacArthur Citizen’s Planning Committee (B-1)

Official Government Support.

- Patrick Lane, Redevelopment Manager, City of Oakland (B-2)

Application Score. The project earned a score of **105** out of **120** points in the following categories:

(a) Readiness to Proceed. TOTAL-30/40.

- (1) Applicant has demonstrated that environmental review can be completed and all necessary entitlements can be received from the local jurisdiction within two years if receiving the award—10/10.** EIR was certified on July 1, 2008.
- (2) Funding commitments are in place, or financing applications are under review, for the Infill Development Project—10/10.** Funding commitments totaling full construction costs of \$193.8 Million are all either committed or under review.
- (3) The Infill Development Project has local community and government support—10/10.** The project has significant community support and has included a letter from the MacArthur Citizen’s Planning Committee and the City of Oakland.
- (4) Cleanup Plan has been approved by Oversight Agency—0/5.**
- (5) Applicant has building permits, and all other governmental permits (i.e. encroachment, ROW, etc.) in place or under review—0/5.**

(b) Location within an Economically Distressed Community. TOTAL-30/30. Project is within a redevelopment project area.

(c) Location within a Priority Development of a Local Governmental Entity. TOTAL-10/10. Project is located within ABAG’s Priority Development Area Map.

(d) Depth of Affordability. TOTAL-10/10. 22% of the Project’s 312 units are restricted to residents at or below 40% AMI, well above the 15% threshold for 10 points.

(e) Percentage of Affordability. TOTAL-10/15. 30.13% of the Project’s 312 units are Affordable, above the 30% threshold for full 10 points.

(f) Utilization of Green Building Methods. TOTAL-5/5. The Project is planned to be LEED certified for 5 points.

(g) Cleanup Plan for the Brownfield Infill Project does not require Ongoing Operation and Maintenance. TOTAL-10/10. The Project does not include any long term operation and maintenance activities.

Tie-Breaker.

- (a) Total Brownfield Infill Project Cleanup Plan Cost: \$2,981,000
- (b) Total number of residential housing units produced and/or promoted by Infill Development Project: 312
- (c) Tie-breaker ratio [(a) / (b)]: \$9,554/unit

Financing Details.

- Amount of Overall Financing to be Leveraged:
 - Total Project Cost = \$193,825,987
 - Total CALReUSE Infill Grant Funding = \$2,981,000
 - CALReUSE remediation funding is leveraged 65 to 1
- Sources of Financing for Brownfield Infill Project: CALReUSE.
- Sources of Financing for Infill Development Project: Prop 1C TOD and Infill Programs grants, Redevelopment agency loans and grants, Developer Equity, Union Bank of California construction loan, BUILD Mezzanine construction period loan.

Staff Recommendation. Staff recommends approval of the attached resolution for MacArthur Transit Community Partners, LLC for an amount not to exceed \$2,981,000.

**A RESOLUTION OF THE CALIFORNIA POLLUTION CONTROL FINANCING
AUTHORITY APPROVING EXECUTION AND DELIVERY OF GRANT FUNDING FOR
MACARTHUR TRANSIT COMMUNITY PARTNERS, LLC
CALIFORNIA RECYCLE UNDERUTILIZED SITES REMEDIATION PROGRAM**

November 19, 2008

WHEREAS, the California Pollution Control Financing Authority (the “Authority”), a public instrumentality of the State of California, is authorized by the Regulations adopted to implement and make specific the statutory provisions of the California Recycle Underutilized Sites (CALReUSE) Remediation Program;

WHEREAS, the statutory provisions of the CALReUSE Remediation Program authorize grant and loan funding for the purpose of brownfield cleanup that promotes infill residential and mixed-use development, consistent with regional and local land use plans;

WHEREAS, the Authority solicited applications for the CALReUSE Remediation Program and such applications were evaluated and scored pursuant to the Authority’s Regulations;

WHEREAS, MacArthur Transit Community Partners, LLC has submitted an application for the CALReUSE Remediation Program for a grant/loan in the amount of \$2,981,000 for the MacArthur Transit Village Project (the “Project”);

WHEREAS, the Strategic Partner Center for Creative Land Recycling (CCLR) has reviewed the application and determined to recommend the MacArthur Transit Village Project to the Authority for funding consideration;

WHEREAS, the Authority staff has reviewed the Strategic Partner’s recommendation and has determined to recommend the MacArthur Transit Village Project for funding; and

WHEREAS, approval of a grant for MacArthur Transit Community Partners, LLC (“Applicant” and “Grantee”) by the Authority is now sought;

NOW THEREFORE BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. Pursuant to the Regulations, the Authority hereby finds that the MacArthur Transit Village Project is eligible for financing and hereby approves the grant described in the staff summary for the Project described in the Applicant’s CALReUSE Infill Application to the Authority.

Section 2. The Executive Director is hereby authorized for and on behalf of the Authority to take all steps necessary with respect to the Applicant including notifying the Applicant that its Application has been approved for funding, preparing a commitment letter that contains the terms and conditions of funding for the Grantee, preparing and executing the final form of grant agreement and disbursing funds pursuant to the grant agreement and the Authority’s Regulations.

Section 3. The Executive Director is hereby authorized for and on behalf of the Authority to approve any changes in the Project described in Exhibit A of the grant agreement as the Executive Director shall deem appropriate and authorized under the Regulations (provided that the amount of the grant may not be increased above the amount approved by the Authority).

Section 4. The Executive Director is hereby authorized and directed, for and on behalf of the Authority, to draw money from the Proposition 1C (2006) funds allocated to this Program not to exceed those amounts approved by the Authority for the Project approved in Section 1. The Executive Director is further authorized and directed, for and on behalf of the Authority, to execute and deliver for the Project identified in Section 1 any and all documents necessary to complete the transfer of funds. The authority of the Executive Director is limited to payment of claims made by the Grantee in accordance with the Regulations and the grant Agreement.

Section 5. Any notice to the Applicant approved hereunder shall indicate that the Authority shall not be liable to the Applicant in any manner whatsoever should such funding not be completed for any reason whatsoever. Notice to the Applicant shall include a provision making it clear that continued funding under the program is not guaranteed but is entirely dependent upon funds being available to the CALReUSE Program and the Grantee continued compliance with the grant agreement and the regulations governing the CALReUSE Program.

Section 6. The Executive Director of the Authority is hereby authorized and directed, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to effectuate the purposes of this Resolution and the transactions contemplated hereby, and which have heretofore been approved as to form by the Authority.

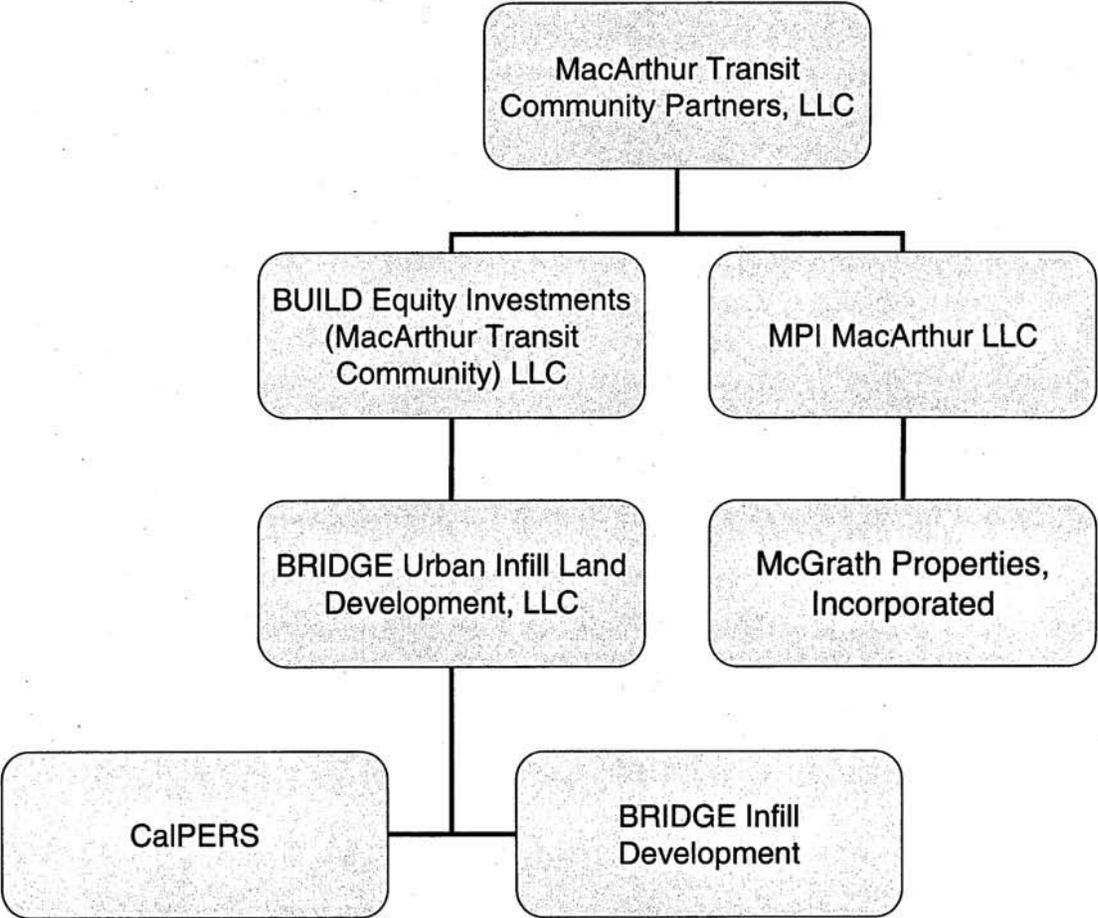
EXHIBIT A

TERM SHEET

Name of Project:	MacArthur Transit Village
Maximum Amount of Grant/Loan:	\$2,981,000
Strategic Partner:	Center for Creative Land Recycling
Grantee:	MacArthur Transit Community Partners, LLC
Financing Structure:	Grant
Maximum Grant/Loan Term:	Not to exceed 6 years from first draw on funds
Oversight Agency:	California Regional Water Quality Control Board
Project Location:	515 & 516 Apgar St., Oakland 532 39th St. Oakland, CA 94609
Infill Development Description:	312 for-sale and rental units, of which a total of 94 (30.13%) will be affordable. Four of the 222 for-sale units will be affordable between 51% and 120% of the Area Median Income (AMI). All 90 rental units will be affordable: 21 units between 41% and 50% AMI, and 69 units at less than or equal to 40% AMI.

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Six-month Groundwater Treatment System	528,000
Miscellaneous (Perimeter Control, Real-time Soil Monitoring/Oversight, Oversight Agency Costs)	<u>116,600</u>
TOTAL ELIGIBLE BROWNFIELD INFILL COSTS	<u>\$2,981,000</u>

MacArthur Transit Village Organizational Chart



Attachment B

September 29, 2008

Lydia Tan
MacArthur Transit Community Partners
345 Spear Street, Suite 700
San Francisco, CA 94105

Re: MacArthur Transit Village Project Community Involvement

Dear Lydia:

I am providing you with this letter in response to CCLR's request for information on the community involvement in the planning and design of the MacArthur Transit Village project. I am the chairperson of the MacArthur BART Citizen's Planning Committee (CPC). The CPC was formed in 1993 specifically to work towards the development of a transit village at the MacArthur BART Station. The CPC has now been involved with the planning for development of the MacArthur Transit Village for over 15 years and presently has a mailing list of about 285 members, comprised of residents, business owners, and representatives from local churches and other community organizations. In addition, it is important to note the members of the CPC represent a broad socio-economic and racially diverse spectrum, similar to the dynamics of the surrounding neighborhood.

In 2004, several members of the CPC served on the selection panel with the City and BART to select MacArthur Transit Community Partners to be the development team for the MacArthur Transit Village. Since then, the CPC has been working directly with the development team to review and comment on the progress of the project design. The last CPC meeting, held on February 7, 2008, had over 75 attendees.

The CPC feels strongly that the implementation of the MacArthur Transit Village project is critical to the revitalization of our neighborhood. MacArthur Transit Community Partners has the full support of the CPC in relation to your application for funding under the CALReUSE program.

Sincerely,



Walter Miles
Chairperson
MacArthur Citizen's Planning Committee

Attachment B

CITY OF OAKLAND



250 FRANK H. OGAWA PLAZA, SUITE 5313 • OAKLAND, CALIFORNIA 94612-2034

Community and Economic Development Agency
Redevelopment Division

(510) 238-3015
FAX (510) 238-3691
TDD (510) 839-6451

October 1, 2008

Ms. Stephanie Shakofskye
Center for Creative Land Recycling
Attn: CALReUSE Remediation Application
200 Pine Street, Suite 400
San Francisco, CA 94104
Re: MacArthur Transit Village CALReUSE Application

Dear Ms. Shakofskye:

The City of Oakland Redevelopment Agency is pleased to submit this letter of support for the MacArthur Transit Village development. The City of Oakland has been working with the community surrounding the MacArthur BART Station in a planning process for station improvements and transit oriented development around the station since 1993. In April 2004, the City of Oakland Redevelopment Agency, BART, and representatives of the community selected a new development team for the MacArthur Transit Village, MacArthur Transit Community Partners, LLC (MTCP), a partnership made up of two developers: BUILD, LLC (BRIDGE Urban Infill Land Development) and McGrath Properties.

Since then, MTCP has worked closely with the community and the City to reach consensus and finalize a plan for the MacArthur BART Station site. On July 1, 2008 MTCP received City Council approval of the Environmental Impact Report, Zoning Change and Zoning Amendment for the MacArthur Transit Village plan.

The MacArthur Transit Village is the keystone project for the City's Broadway/MacArthur/San Pablo Redevelopment Project Area, which was adopted in 2000, and it is vital to the revitalization of the area surrounding the MacArthur BART Station. The City of Oakland Community and Economic Development Agency supports MTCP and the MacArthur Transit Village Project and looks forward to your favorable consideration of this funding request.

Sincerely,

A handwritten signature in dark ink, appearing to read "Patrick Lane".

Patrick Lane
Redevelopment Manager